

ACTION NEA-00

INFO	LOG-00	CA-00	INL-00	USNW-00	DS-00	EB-00	EUR-00
	E-00	UTED-00	IO-00	L-00	NSCE-00	OMB-00	PA-00
	PER-00	PM-00	P-00	D-00	SP-00	SSO-00	SS-00
	TEST-00	R-00	PMB-00	DSCC-00	PRM-00	G-00	SAS-00
	SWCI-00	/000W					

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R 300951Z MAY 04
 FM CPA BAGHDAD
 TO SECDEF WASHINGTON DC
 SECSTATE WASHDC 1117
 WHITE HOUSE NSC WASHDC
 CJCS WASHINGTON DC
 CDR USCENTCOM MACDILL AFB FL
 INFO AMEMBASSY ROME
 DEPT OF AGRICULTURE WASHDC
 USMISSION USUN NEW YORK
 IRAQ COLLECTIVE
 UN SECURITY COUNCIL COLLECTIVE

UNCLAS BAGHDAD 000576

SENSITIVE

E.O. 12958: N/A
 TAGS: EAID, ETRD, PGOV, IZ,
 SUBJECT: CPA 1239: IRAQ - FOOD SUPPLIES ARE ADEQUATE

1. (SBU) Summary. Iraq will have adequate food supplies to provide full rations to the entire population in June, July, and August, barring no deterioration in security. While current stocks of wheat are low, deliveries throughout the summer will build towards a three-month buffer reserve scheduled to be in place by September 30. Iraq's wheat harvest has begun, likely adding over one million tons to the supply. Truckers who have refused to drive key supply routes are now being offered financial incentives and added security. Preliminary results are that they are returning to the roads. We're buying wheat flour now as insurance against any deterioration of security. We're also working with MNF-I on contingencies. End Summary.

Stock Levels are Low, But Adequate

2. (SBU) Deteriorating security along several key supply routes, particularly the highway from the port of Umm Qasr, has prevented truck drivers from moving wheat from ports to

silos and warehouses in Iraq. The result is that the supply of wheat in Iraq has fallen from some 50 days in early April to an estimated 15 days at present. We are aware of no shortages; May wheat and rice rations have been met. Even in the city of Najaf where many shops have closed for security reasons, the Ministry of Trade has received reports of vendors providing food rations from the trunks of cars to ensure delivery.

Full Wheat and Rice Rations for June-July

3. (SBU) Stock levels of wheat and rice will build again in June and July, provided there is no deterioration in security. With a monthly requirement of 230,000 metric tons, over 500,000 metric tons of new wheat will be delivered to Iraq in June and July. These shipments are in addition to the supply at or within Iraq's borders. To ensure that there is no shortfall, CPA has procured the wheat flour equivalent of 125,000 metric tons for delivery in June and, together with the Ministry of Trade, is issuing tenders for similar amounts of flour in July and August. We anticipate delivery of another 250,000 tons of wheat in August and 400,000 tons in September to create a substantial buffer supply.

4. (SBU) Iraq's domestic wheat harvest has begun. While yield results are not yet known, last year's harvest produced over one million metric tons. Domestic wheat is stored in silos and was allocated on the basis of 120,000 metric tons per month throughout the year. The Ministry of Trade has offered a guaranteed price to farmers of \$180 per metric ton for the highest quality wheat as incentive for the farmers to fertilize crops and provide wheat for the national food distribution system.

5. (SBU) Rice rations are being met in full. With a national monthly requirement of 80,000 metric tons, nearly 250,000 tons is scheduled for delivery in June and July. In order to build a buffer supply of rice, an additional 230,000 tons is scheduled for delivery in August.

6. (SBU) CPA intends to work with the Ministry of Trade to complete all food procurement for the year by July 1.

Trucking

7. (SBU) CPA, together with the Ministry of Trade, has taken a number of steps to provide incentives to truck drivers and

enhance security along key routes:

- A round-trip bonus of approximately \$170 will be paid to each driver, more than doubling the previous incentive structure. The bonuses will stay in place through August 30;

- The Ministry of Transportation's State Land Transport Company has agreed to provide the Ministry of Trade with a pool of 340 trucks at Umm Qasr within 20 days. The first trucks should arrive at Umm Qasr within days;

- The Ministry of Trade is receiving quotes from Iraqi firms for security protection in the south. Arrangements are in

place to provide armed Facilities Protection Service (FPS) guards on trucks leaving Umm Qasr. The first group of 85 guards has received weapon permits. We want to build this force to 300;

- DynCorp, under contract with CPA to provide security for Oil for Food convoys, has shifted assets to Umm Qasr and is staffing up to escort up to eight food convoys per day;

- We have negotiated, but not yet signed, an agreement with the Australian Wheat Board to provide financial incentives to private truckers under contract. The arrangement would provide for expedited delivery of wheat from Aqaba and Umm Qasr of nearly 200,000 metric tons at a cost of about \$3.00 per ton;

- We are working on arrangements to take advantage of rail transportation from Umm Qasr.

8. (SBU) Trucking numbers at Umm Qasr and across the border with Jordan appear to be increasing. While it is still too early to reach firm conclusions, the announced incentives and additional security measures have resulted in an average of 100 wheat trucks per day over the past several days.

Umm Qasr Off-Load Capacity is Up

9. (SBU) Wheat off-load capacity at Umm Qasr is currently at 10,000 metric tons per day at two berths with the possibility of 15,000 metric tons within weeks. Leased grain evacuators have a capacity of 6,000 per day; equipment at the "grain" berth off-loads 5,000 per day; and "roncuzzi" evacuators that could be on-line within weeks would add 5,000 more at a minimum. Our long-term goal has been to

sustain off-load capacity at 12,000 tons per day with trucks available for transport, a goal within reach.

Security Remains the Wild Card

10. (SBU) Because stock levels are low, further deterioration in security that affects inland transport could result in localized shortages. Sustained security problems that prevented truckers from driving major supply routes may require a reduction in monthly rations. The decision to procure 300,000 metric tons of wheat flour over three months to be delivered by local traders provides some insurance against major disruptions of traffic from the port. We are also working with MNF-I on contingency plans to provide military security escorts for food convoys if needed. MNF-I, in particular British forces in the south, have provided some route security and further planning is underway.

Comment

11. (SBU) While food stocks are too low for comfort, we anticipate no disruptions in rations through the summer. Large-scale procurement in March through the World Food Programme and now by the Ministry of Trade should ensure that the Iraqis build a three-month buffer and sustain it through the year. We continue to provide training and support in the areas of procurement, contracting, logistics, and pipeline and inventory management to the Ministry of Trade and are confident that the Ministry will be capable of overseeing the food distribution system by the transition.

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